



December 9, 1997

Cynthia L. Johnson, Director
Cash Management Policy and Planning Division
Financial Management Service
U. S. Department of the Treasury, Room 420
401 14th Street S. W.
Washington, D.C. 20227

RE: NAFCU Request for Comments - Issues to Consider Regarding Electronic Funds

Dear Ms. Johnson:

On behalf of 66 Federal Credit Union and Affiliates, please accept the following as comments relative to the above referenced request from NAFCU:

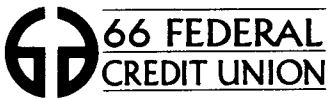
Our credit union would be interested in providing electronic payment to federal recipients within our field of membership.

It would not be feasible for our credit union to bid to provide accounts to recipients as Treasury proposes. Current field of membership restrictions would prohibit our participation in this program. It would be feasible if field of membership restrictions were not a factor. People helping people is the foundation of our existence. If the restriction were lifted, we would have the opportunity to fulfill our mission. Also, we feel it would be feasible to participate if our credit union worked with other credit unions in a region through cooperative agreements, and/or if our credit union worked with our corporate credit union.

We agree that if credit unions served "unbanked" recipients of government payments they should be accorded full membership rights.

We feel an on-line requirement into the states' electronic benefit systems would be a deterrent to our involvement. The cost would be prohibitive, and only a limited number of merchants have capability.

Treasury should allow all applicable ATM fees when recipients use other ATM's.



We do not agree that Reg E should apply to non-members due to the risk. We do agree that Reg E should apply to credit union members.

We think the definition of authorized payment agent is appropriate.

Our credit union does not have the ability to provide remittance data to our members. We are unable to determine whether or not it can be provided in human readable form.

We would be willing to cover an area such as Guam or Puerto Rico if there should be a gap in coverage between regions.

We do not agree that Treasury should regulate the fees associated with accounts for recipients. Such regulation would add to administrative burden.

The cost structure to providers should be the primary concern of the Treasury.

The features that Treasury requires in the account should be unlimited ATM access, the ability to make further deposits, fixed monthly fees and a basic fee with additional fees for added features.

We feel a broad geographic reach to meeting access objectives is very important. By allowing non-financial agents, Treasury would best meet access needs in underserved areas.

Treasury should permit access to the account at check cashing and money transmitter outlets in addition to those normally offered by the financial institution providing the account. The Treasury should restrict the terms of access.

Treasury should require financial institutions to include the cost of this additional access in the pricing proposal in the competitive bid process.

Treasury should permit nonfinancial institutions to participate in the program.

The use of PIN limit and limiting liability of agent would provide safeguards to avoid fraud.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Terri Davis'.

Terri Davis
Vice President